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SERVICE DATE – AUGUST 1, 2018

DO

FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36207]

St. Paul & Pacific Railroad Company, LLC—Change in Operators Exemption—Santa Cruz and Monterey Bay Railway Company

St. Paul & Pacific Railroad Company (SPR), a noncarrier, has filed a verified notice of exemption under 49 C.F.R. § 1150.31 to assume operations over approximately 31 miles of track (the Line) owned by the Santa Cruz County Regional Transportation Commission (RTC) extending from milepost 0.433 at Watsonville Junction to milepost 31.39 at Davenport, Cal. The verified notice indicates that the Line was formerly operated by the Santa Cruz and Monterey Bay Railway Company (SCM) before SCM's cessation of operations in June 2018. Based on projected annual revenues, SPR expects to be a Class III carrier after consummation of the proposed transaction. SPR states that it will enter into an operating agreement with RTC governing SPR's operation of, and provision of rail common carrier service on, the Line. Pursuant to a separate agreement, SCM will transfer its permanent and exclusive freight operations to SPR.

This transaction is related to a concurrently filed verified notice of exemption in Progressive Rail Inc.—Continuance in Control Exemption—St. Paul & Pacific Railroad Company, LLC, Docket No. FD 36208, in which Progressive Rail Incorporated, SPR's parent company, seeks to continue in control of SPR upon SPR's becoming a Class III rail carrier.

SPR states that the proposed operation of the Line does not involve any provision or agreement that would limit future interchange with a third-party connecting carrier. SPR certifies that its annual rail revenues as a result of this transaction are not expected to exceed \$5 million, and it will not result in SPR becoming a Class I or Class II rail carrier. Under 49 C.F.R. § 1150.32(b), a change in operator requires that notice be given to shippers. SPR states that it has provided notice of the proposed change in operators to the four shippers on the Line.

The earliest this transaction may be consummated is August 15, 2018, the effective date of the exemption.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. § 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions for stay must be filed no later than August 8, 2018 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 36207, must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, one copy of each pleading must be served on Audrey L. Brodrick, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 800, Chicago, IL 60606-2832.

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Decided: July 27, 2018.

By the Board, Amy C. Ziehm, Acting Director, Office of Proceedings.